Leveraging technology and customer education -- Max Vijay [1]

About the Project

Project Name: Leveraging technology and customer education -- Max Vijay
Type of Facility Project: Microinsurance innovation grantee
Country of Operation: India
Region: Asia and the Pacific
Sub Topics: Other channels, Client interface, Retailers, Mobile network operators, Health
Type of Risk Carrier: Regulated insurance company
Type of Distribution Channel: Microfinance institution

Organizational Overview

Max New York Life Insurance Company Ltd. (MNYL) is a joint venture between New York Life International and Max India Limited. Max New York Life started commercial operations in India in 2001. The company used a multi-channel distribution strategy. Agency distribution is the primary channel in India. The other additional distribution channels include the rural business, employed sales force involving alliance marketing, bancassurance and partnership distribution. MNYL has developed "Max Vijay", a business model designed to serve 100 million low-income Indian households by improving access to benefits of life insurance and minimizing transaction costs. Max Vijay was awarded the "Golden Peacock Innovation Award 2008" for its unique product, distribution and service strategy.

Project Description

Traditional endowment products are often criticized for providing low value to the poor as these vehicles lapse when people neglect to make a contribution, and hence people lose most of their contributions made until that time. In mid 2008, Max New York Life launched a Max Vijay product that challenges this popular view, and as such numerous competitors on the Indian market. Max Vijay?s life insurance product is a 10-year life insurance policy with a long-term savings component, with a mini...READ MORE [2]

Beneficiaries

Max Vijay targets approximately 100 million urban and rural low-income households, with an average total income between Rs 4000/- ($88.89) and Rs 8000/- ($177.78) per month. Despite irregular incomes, Max Vijay's target market has the potential to save part of their earnings, but do not have access to a convenient and easy method of saving small amounts.

Learning Agenda

- Can technology (such as hand-held terminals, mobile phones and Internet portals) significantly improve affordability, responsiveness and transparency for the low-income policyholders?
- How can the insurer set up an effective delivery of customer service by intermediaries by using HHT, Internet portals and mobile phones?
- Regarding consumer education:
  - Does increasing financial literacy result in increasing take-up rates?
  - Which scripts work better to make the customers financially literate?
  - What are the most efficient delivery modes for financial literacy amongst the target group?
- Impact on renewal behaviour of customers, basis different levels of financial literacy efforts and renewal outlet availability in close vicinity.
- Whether the initial premium is realistic and in line with the real paying capacity of the target group?

Project Status

Key Performance Indicators
**Project Updates**

December 2008 Product was successfully launched. It was distributed mostly through established MNYL channels such as financial product distributors. September 2009 Major pilot test to use retailers as the delivery channel was launched in Agra. Other push channels such as NGOs and MFIs were also activated. April 2010 With 90,000 active policies and a Gross Written Premium of approximately $1.2 million US Dollars as of mid 2010, Max Vijay was performing impressively compared to othe... **READ MORE**

**Project Lessons**

*On client value* The product will provide value to clients and will be viable for Max New York Life only if regular savings behaviors are sustained. Regular savings increase value for clients from both savings and insurance perspective. Moreover, the entire business model is built on this assumption. Upfront premium mechanism makes it hard for people to decide to buy the product. The initial payment of 1,000 rupees is a barrier for poorer households, thus h... **READ MORE**

*On marketing and branding to raise awareness for mass products* Building an aspirational brand with well-known celebrities to raise awareness can be effective, especially when mass products are in question. Max New York Life hired a well-known and trusted Bollywood star, Shahrukh Khan, to serve as a spokesman for Max Vijay. This celebrity endorsement -- in combination with a complex marketing strategy including advertising (television, radio, print and billbo... **READ MORE**

*On customer care and the effective use of call centres* With advancements in mobile telecommunications, call centres can play a major role in education and servicing the clients. Call centres can ensure that clients understand the basic features of the product at the time of purchase, and allow clients to check their statement and confirm that deposits have been credited to their account. This is important since product understanding among poorer clients is l... **READ MORE**

*On retailers as distribution channels for microinsurance* Ongoing training and marketing costs as well as commission structure and high density requirement put the viability of selling insurance through unorganized retail at risk. MNYL have learnt that they need to be very selective in identifying the right retailers; a scorecard developed for this purpose builds on best practices in FMCG distribution. Training costs are very high as retailers need to speak t... **READ MORE**

*On use of top-up infrastructure and methods of distribution* Top-up infrastructure should be present from day one. It does not make sense to launch sales with push channels if clients do not have top-up infrastructure around them. Limited value for pull channels if top-ups are low. Government intervention might be needed, both in terms of distribution infrastructure and subsidies to seed the market. Initial marketing costs are high and it might be difficul... **READ MORE**

**Date of last update:** February 2012

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**Links:**


[2] [http://www.impactinsurance.org/javascript%3Avoid%280%29%3B](http://www.impactinsurance.org/javascript%3Avoid%280%29%3B)